

## NEW PROVIDENCE TRANSPORT PROGRAM

(BH-0029)

### EXECUTIVE SUMMARY

<b>Borrower:</b>	The Government of the Commonwealth of the Bahamas		
<b>Guarantor:</b>	The Government of the Commonwealth of the Bahamas		
<b>Executing agency:</b>	Ministry of Public Works		
<b>Amount and source:</b>	IDB: (OC)	US\$	46,200,000
	Local:	US\$	19,800,000
	Total:	US\$	66,000,000
<b>Financial terms and conditions:</b>	Amortization Period:	20	years
	Grace Period:	4	years
	Disbursement Period:	4	years
	Interest Rate:	Variable	
	Supervision and Inspection:	1.00	%
	Credit Fee:	0.75	%
	Currency:	US dollars	
<b>Objectives:</b>	The main objective of this Program is to reduce transport costs for road users by providing a more rational and efficient transport system for New Providence Island. This objective will be met by improving the existing road network, modernizing and strengthening the institutional framework responsible for the provision of transportation services, improving road safety, improving public transportation and alleviating the negative environmental impacts associated with the existing traffic congestion levels.		
<b>Description:</b>	The program will consist of three major components:		
	<i>a) Roadway development and traffic management (US\$ 50 million)</i>		
	This component will include the physical works and traffic management measures needed to provide the island with a well-defined road hierarchy. This road hierarchy would allow traffic to		

be channeled onto appropriate roads away from local community roads, improving traffic flows and reducing congestion.

The physical works include 23 km of road improvements, consisting mainly of the widening of existing roads, and 15 km of new road construction. These works will include the completion of three new corridors –two north-south in the middle sector of the island and one east-west in the western sector- and the improvement of various existing corridors including the widening from two lane undivided to four lane divided of the main east-west link on the island

Several traffic management measures that will improve traffic flows and make better use of existing capacity will accompany the physical works to be carried out on all corridors. These measures include improvements in road and intersection geometry, improvements in traffic control measures, better road signage and pavement markings and traffic signal timing improvements. Improvements to corridors will also include specific measures to improve road safety.

*b) Engineering Studies (US\$ 5.5 million)*

This component will finance program preparation studies, including preliminary engineering designs, economic feasibility studies and environmental studies. Funding will also be provided for technical and environmental supervision and auditing and to implement measures to mitigate environmental and social impacts.

*c) Institutional Development and Strengthening (US\$ 1.5 million)*

Assistance will be provided in four major areas: i) transportation planning, including support for the creation of a Transport Planning Unit and the study of economic alternatives to reduce automobile use; ii) traffic management, including the strengthening of the MOT's technical capability to implement traffic management procedures; iii) road maintenance, including implementation of improved road pavement management procedures in terms of planning, programming, reporting and monitoring of maintenance works; iv) public transportation, including support for the strengthening of the MOT's capacity to plan and regulate public transport services and the implementation of pilot public transport project; and v) road safety, including improvements in road accident data collection and analysis and the development of new road safety manuals.

**Bank's country  
and sector  
strategy:**

An important goal of the Bank's current lending strategy is to support the government in increasing the competitiveness of the Bahamian economy in both the tourism and productive sectors. The Bank also aims to support the country in dealing with the problems created by the recent growth of tourism supporting improved public services, improving environmental management and by incorporating more of the population in its benefits.

Consistent with that strategy, the proposed Program is designed to improve the public road system and ease the flow of goods and services by solving existing traffic problems that create high costs for road users. More efficient traffic flows will reduce the harm caused to the environment by congestion and improve the attractiveness of Nassau as a tourist destination.

**Environmental/  
Social review:**

The Environmental and Social Impact Assessment (ESIA), conducted by an international consulting firm for the program, has provided general and indicative, positive and negative environmental and social impacts, and the basis to develop an Environmental and Social Management Plan to monitor impacts during and after construction and to ensure mitigation measures are implemented. When final designs are complete for each corridor, additional assessments will be undertaken and a specific Site Environmental and Social Management Plan will be prepared for each corridor. These plans will be audited and their implementation supervised by an independent agency. To compensate for the habitat loss and environmental damage from construction a program for the protection, rehabilitation and management of Big Pond and its environs will be developed (**Error! Reference source not found. et seq.**).

**Benefits:**

The program will benefit the community as a whole. The road improvement and traffic management component will relieve severe traffic congestion on New Providence significantly reducing travel times and improve mobility for passengers and goods. Due to the high level of car ownership on the island, 1.34 vehicles per household, these improvements should benefit a majority of the population. The design standards for these improvements will be based on existing US standards and incorporate a wide range of safety measures. These measures will include the provision of sidewalks and pedestrian crossings, improved signings and road markings, and bus stops and lay-bys. These measures will benefit not only vehicle users but also pedestrians, most of whom are women, children and the elderly. The Program will also benefit the users of public transportation by strengthening the GoBH's capacity to plan and regulate these services.

**Risks:**

**Design/build procurement system.** While the design/build procurement system permits quicker execution and reduces contractor claims due to redesign, it may also increase risk since these are strong incentives for the contractor to submit designs that reduce its construction costs. Critical to the system's success is proper project definition and adequate supervision during project execution.

To an extent, the hiring of an engineering services firm with ample experience in design/build contracts to assist in project preparation and supervision will mitigate these risks, but close monitoring from the Bank and proper coordination among the supervising firm, the contractor, the MOW must be assured to ensure the success of the project.

**Institutional Capability.** Design/build contracts require greater supervision than fully designed works. Despite the experience of some MOW staff in this modality and its successful application in The Bahamas in the past, given the size of the Program and the additional burden of simultaneously executing the Infrastructure Rehabilitation Project (BH-0031), there is some risk that the MOW will have difficulties in the supervision and administration of the design/build contract.

The hiring a supervisory firm to oversee the technical, environmental and financial execution of the Project and to monitor compliance with environmental mitigation measures will help mitigate this risk, but proper coordination among the supervising firm, the contractor, the MOW and the Bank must be assured to ensure the success of the project.

**Long term sustainability of urban transport system.** This project provides a medium-term solution to urban transport problems in New Providence. If automobile ownership rates keep rising at present levels, in the long-term a more comprehensive and sustainable solution will have to be sought for the urban transport problem. This long-term solution will have to include policy and economic measures that will imply significant travel behavior changes. The implied risk is that the country might not be prepared to implement the required measures. To mitigate this long-term risk the Program will provide funding to study these options through the institutional development component and provide Bahamian society with an opportunity to consider, and debate, different options for a long-term solution.

**Special  
contractual  
clauses:**

**Prior to first disbursement:**

The Borrower will establish a Transport Planning Unit within the Executive Agency (**¶Error! Reference source not found.**).

The Borrower will submit to the Bank, for its proper review and approval, a program for the protection, rehabilitation and management of Big Pond and its surroundings. (**¶Error! Reference source not found.**).

**Prior to the first disbursement of resources to finance the construction of Corridors 7 and 8**

The Borrower will submit to the Bank, for proper review and approval, the design and implementation schedule of the Big Pond protection, rehabilitation and management plan.

**During Project execution:**

Within the first twelve months following the date of signing of the Loan Contract, the Borrower through the Executing Agency will hire consultants to execute a study to analyze economic alternatives to promote a sustainable long term solution to the urban transport problem in New Providence and to develop a strategy plan for the Office of the Roads Comptroller (ORC) (**¶Error! Reference source not found.**).

Prior to approval by the Bank of final designs on the first corridor to be constructed, BEST will provide evidence to the Bank that a firm has been hired and that staff is in place to provide assistance in environmental auditing and supervisory activities (**¶Error! Reference source not found.**).

Prior to approval by the Bank of final designs on Corridors 3, 5, 7 or 8, whichever of these corridors construction begins first, evidence that a Hazardous Materials Spill Contingency Plan has been prepared will be submitted to the Bank. Evidence will be submitted to the Bank that implementation of the proposed actions for the Contingency Plan are in place before construction is completed on the first of the above designated corridors (**¶Error! Reference source not found.**).

Condition on Loan approval, and observance of the Bank procurement procedures, expenditures of up to US\$3.6 million incurred to contract the engineering consultancy services necessary for Program preparation will be recognized as part of local counterpart funding (**¶Error! Reference source not found.**).

A revolving fund, of up to 15% of the financing (US\$6.9 million), will be established with resources from the Financing to pay for projected expenses. The high percentage of the revolving fund is

due to the relatively short schedule for the execution of the design/build contract (**¶Error! Reference source not found.**)

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**Poverty-targeting and social sector classification:**

This operation does not qualify as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (Document AB-1704).

**Exceptions to Bank policy:**

See Procurement section.

**Procurement:**

In procuring goods and services financed by the Bank, the Executing Agency will follow the basic Bank procurement policies and procedures. The MOW will use international competitive bidding for all goods and services valued at more than US\$250,000, for civil works valued at more than US\$1.5 million, and for consulting services in excess of US\$200,000.

Direct hiring of ICF Consulting, that has comparative technical advantages, to carry out environmental auditing is recommended as an exception to selection by open competition. This firm will carry out any procurement or other required activities observing the procedures of the Bank. The direct hiring procedure is in accordance with Chapter GS-403 of the Procurement Manual (**¶Error! Reference source not found.** and 3.30).

